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Arizona State University

Northern Arizona University

University of Arizona

April 12, 2007

The Honorable James Weiers
Speaker of the Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

Dear Speaker Weiers:

The enclosed materials are provided in response to the subpoena dated April 5, 2007, and served on Arizona Board of Regents President Robert Bulla. The subpoena requests information related to the expansion of The University of Arizona College of Medicine -- Phoenix, in Partnership with Arizona State University.

The materials reflect our primary goal of developing a top-tier medical school in downtown Phoenix that will increase the number of physicians available to meet the state's current and future needs for quality healthcare. The enclosed materials illustrate our commitment to maximize the public return on investment.

Attachment A is a list of the documents produced in response to the subpoena. Items 1 through 8 on that list are copies of materials that have been previously provided to the Joint Legislative Budget Committee and that have been available on the ABOR website¹; these documents provide the analysis that demonstrates the need for a four-year medical school in Phoenix. They also provide detailed information regarding the annual budget requirements to attain the goal of graduating 150 additional medical students each year to meet the growing healthcare needs of a rapidly expanding Arizona population. Items 9 through 27 reflect the changes to the budgetary detail related to the three-year acceleration of the buildout date for the medical school from FY 2015 to FY 2012.

As early as April 2005, when we were seeking initial funding for the Phoenix expansion of the College of Medicine, we also communicated to the Legislature the need for increasing amounts of state funding. On April 27, 2005, prior to passage of the FY 2006 state budget, we distributed to the Legislature a document entitled "Phoenix Program of The University of Arizona College of Medicine Level I—Five-Year Projection" (Item 1 Appendix G). The table on page 12 of that document reflects increasing state funding requirements for the UA COM Phoenix through FY 2011.

¹ www.abor.asu.edu/special_editions/Med_Ed/MedEd_index.html

Board Members: **President Robert B. Bulla**, Scottsdale **Fred T. Boice**, Tucson **Ernest Calderón**, Phoenix
Dennis DeConcini, Tucson **Fred P. DuVal**, Phoenix **Anne L. Mariucci**, Phoenix
Christina A. Palacios, Phoenix **Gary L. Stuart**, Phoenix
Governor **Janet Napolitano** Superintendent of Public Instruction **Tom Horne**
Student Regents: **Edward Hermes**, ASU **Mary Venezia**, NAU
Executive Director: **Joel Sideman**

The materials provided in response to SB 1517, submitted on September 1, 2005, (Item 1 at page 10) also indicate the need for increasing funding. They provide enrollment and budget projections for FY 2006-2025 and indicate that state funding requirements would increase to \$33.6 million by 2015, the year that enrollment was expected to reach 150 first-year medical students. Also as indicated on page 10, we projected that by FY 2025 the state funding requirement would be \$45 million.

The revised budgets developed as part of our acceleration plan for UA COM Phoenix and submitted today as items 9 through 27 are based on an acceleration of the College of Medicine expansion to admit 150 first-year medical students in Phoenix by the earlier date of FY 2012. To achieve this goal, the revised projection for state funding requirements is \$26 million by FY 2012 (the accelerated buildout date) and remains at \$45 million in FY 2025. Item 10 compares enrollment and budget projections, including the state budget requirements, as originally presented in 2005 and the current acceleration plan. Item 11 presents projections regarding students, faculty, and staff under the accelerated plan, and Item 12 summarizes sources and uses of funds under the accelerated plan.

Item 21 summarizes the capital plan for two additional buildings on the Phoenix Biomedical Campus. This information has been revised since the September 1, 2005, submission to include expanded requirements for the Education Facility and the Arizona Biomedical Collaborative 2 (ABC 2) research building.

- In September 2005, we projected that the Education Facility would require 310,000 gross square feet at an estimated construction cost of \$89.8 million. We now project that this facility must expand to approximately 370,000 gross square feet at an estimated project cost of \$171.5 million to provide space for students of the UA College of Medicine -- Phoenix in partnership with ASU, as well as students in the UA College of Pharmacy -- Phoenix, the ASU College of Nursing and Healthcare Innovation, and NAU Health Professions. The increase in cost is due to program growth and complexity, significant inflation, and the inclusion of the total project cost.
- In September 2005, we projected that ABC 2 would require 195,000 gross square feet at an estimated cost of \$117.7 million. We now project that this facility must expand to 391,000 gross square feet at an estimated cost of \$282.2 million. The increase in space needs is driven by additional collaborations between UA and ASU, as well as greater overall activity. The increase in estimated cost is largely a function of the substantial increase in size and scope of the project. ABC 2 will house faculty and researchers from UA, ASU, and the Phoenix community, will include facilities for clinical research, and will support of Arizona's application for an NIH Clinical and Translational Science Award (CTSA) grant.

Annual debt service for the two buildings is estimated to be \$35 million for 30 years.

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In addition to the above items, we are providing budgetary and other information for The University of Arizona College of Pharmacy -- Phoenix and for the Northern Arizona University Health Professions Expansion, which have become integral components of the Phoenix Biomedical Campus.

- Items 23 through 26 provide enrollment and budget projections for UA College of Pharmacy -- Phoenix, reflecting an enrollment of 30 total students with an operating budget of \$1.5 million in FY 2008, growing to 515 total students with an operating budget of \$18 million in FY 2015.
- Item 27 provides enrollment and budget projections for NAU's Health Professions Expansion, reflecting an enrollment of 50 new students with an operating budget of \$5.0 million in FY 2008, growing to 343 new students with an operating budget of \$9.9 million in FY 2012.

Item 28 summarizes the pending FY 2008 budget request under consideration by the Legislature for programs to be located on the Phoenix Biomedical Campus. Item 29 is UA President Robert Shelton's PowerPoint presentation that he was prepared to share with you at the March 27, 2007, joint leadership meeting.

The Arizona Board of Regents has been and continues to be willing to provide information and to discuss The University of Arizona College of Medicine -- Phoenix, in Partnership with Arizona State University, and related programs. If the Board becomes aware of additional materials that are responsive to the subpoena, we will supplement this response. Please let me know if you require additional information.

Sincerely,



Nancy E. Tribbensee
General Counsel for the
Arizona University System

Attachment and enclosures

c: Members, Arizona Board of Regents
Executive Director Joel Sideman
President Robert Shelton
President Michael Crow
President John Haeger

ATTACHMENT A

1. 9/1/05 Response to SB 1517 Relating to The University of Arizona College of Medicine Phoenix Program
 - Appendix A: Arizona Physician Workforce Study
 - Appendix B: Memorandum of Understanding (MOU)
 - Appendix C: ACMER Executive Order November 2004
 - Appendix D: KSA Interim Executive Report
 - Appendix E: FY 2006-FY 2010 Phoenix Budget Detail
 - Appendix F: Tripp Umbach Economic Quantification Study
 - Appendix G: Legislative Briefing Book April 27, 2005
 - Appendix H: ACMER and ACMER Task Force Membership
 - Appendix I: ASU BMI Business Plan
 - Appendix J: FY 2011-FY 2015 Phoenix Budget Detail
 - Appendix K: FY 2025 Phoenix Budget Detail
 - Appendix L: IGA City of Phoenix and ABOR
2. 9/7/05 ABOR Responses to 20 JLBC Questions Dated August 2, 2005
3. 9/26/05 ABOR Responses to 11 JLBC Questions Dated September 16, 2005
4. 10/21/05 ABOR Response to JLBC Curriculum Development Question Dated September 30, 2005
5. 12/31/05 ABOR Progress Report on The University of Arizona College of Medicine-Phoenix, pursuant to SB 1517
6. 2/15/06 ABOR Responses to 4 JLBC Questions Dated September 30, 2005
7. 8/15/06 ABOR Response to FY 2007 Appropriations Bill Language Relating to The University of Arizona College of Medicine-Phoenix Dated April 15, 2006
8. 2/15/07 ABOR Response to FY 2007 Appropriations Bill Language Relating to The University of Arizona College of Medicine-Phoenix Dated February 15, 2007

Note: Above documents submitted to JLBC on above dates.

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9. Rationale for Acceleration of The University of Arizona College of Medicine Phoenix Expansion
10. UA COM Phoenix Acceleration Plan: Enrollment and Budget Projection Summary FY 2007-2015 and FY 2025
11. UA COM Phoenix Acceleration Plan: Personnel Chart: Projected Students, Faculty and Staff FY 2008-2015 and FY 2025

12. UA COM Phoenix Acceleration Plan: Sources and Uses of Funds FY 2007-2012 and FY 2025
13. UA COM Phoenix Acceleration Plan: FY 2007-FY 2012 and FY 2025 Budget Summary
14. UA COM Phoenix Acceleration Plan: FY 2007 Budget Detail
15. UA COM Phoenix Acceleration Plan: FY 2008 Budget Detail
16. UA COM Phoenix Acceleration Plan: FY 2009 Budget Detail
17. UA COM Phoenix Acceleration Plan: FY 2010 Budget Detail
18. UA COM Phoenix Acceleration Plan: FY 2011 Budget Detail
19. UA COM Phoenix Acceleration Plan: FY 2012 Budget Detail
20. UA COM Phoenix Acceleration Plan: FY 2025 Budget Detail
21. UA COM Phoenix Acceleration Plan: Capital Plan Summary
22. ASU Biomedical Informatics (BMI) Budget Planning 4/11/07 Update
23. UA COM College of Pharmacy Phoenix: Informational Flyer "Expanding the 'best of the best' to Phoenix"
24. UA COM College of Pharmacy Phoenix: The First Eight Years
25. UA COM College of Pharmacy Phoenix: Projected Students, Faculty, and Staff FY 2008-FY 2015
26. UA COM College of Pharmacy Phoenix: FY 2008 State Budget Request
27. NAU Health Professions Expansion: FY 2008-2012 Enrollment Projections and Budgets
28. Explanation of FY 2008 \$25 Million State Budget Request Relating to the Expansion of the Phoenix Biomedical Campus
29. UA President Robert Shelton's 3/27/07 PowerPoint Presentation "Building a Healthier Future: Arizona's Universities Meet the Healthcare Needs of the State"